
NEW WEB ADDRESS FOR FINANCIAL STATUS REPORTS

As reported in the June State School Aid UPDATE, the State Aid Financial Status Reports and the corresponding Non-Resident Adjustment Reports have new web addresses. The new address for the status reports is <http://mdoe.state.mi.us/statusreports> and for the non-resident adjustment reports is <http://mdoe.state.mi.us/nonresident>. The old address will refer you to the new address in July, but you will need to have the new address “bookmarked” thereafter. Direct questions related to the location of the status reports to Phil Boone, State Aid & School Finance, (517) 335-4059, or e-mail: BooneP2@michigan.gov.

JULY PAYMENT INFORMATION

The July state school aid payment is the 10th payment of the year and reflects a cumulative 90.90% of the year’s allocations for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment.

Taxable value - The July payment was calculated using the most recent taxable value data reported to the Department by county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department’s web site. The URL is <http://mdoe.state.mi.us/taxvalue>. To view your data click on “Public Access,” and then choose your district code and the appropriate tax year from the drop down menu. Any revisions to taxable values received prior to July 1, 2005 were incorporated into the payment calculation.

Pupil membership - The audited February 2004 and September 2004 pupil counts submitted via the SRSD system have been used in the calculation of the July payment. For PSAs in their first or second year of operation, the February 2005 count data submitted via the SRSD are averaged with the audited September 2004 count.

SENATE BILL 279 PRESENTED TO THE GOVERNOR

Senate Bill 279 was presented to the Governor on Tuesday, July 12, 2005. Originally, Senate Bill 279 included both a supplemental school aid appropriation for fiscal year 2005 and the school aid appropriations for fiscal year 2006. The supplemental appropriation for fiscal year 2005 is needed to pay the August 2005 state school aid payment. When it became apparent that the fiscal year 2006 budget process could go beyond the date that the August 2005 state school aid payment will be processed, the fiscal year 2006 language was stripped from Senate Bill 279 and the bill was passed as a fiscal year 2005 supplemental only by both the House and the Senate. As reported in the January 2005 State School Aid UPDATE, P.A. 518 (enacted January 3, 2005) appropriated an additional \$95.5 million from the general fund for fiscal year 2005 to cover an anticipated shortfall in the school aid budget. However, it was later determined that the School Aid Stabilization Fund balance at fiscal year 2004 book closing was larger than originally expected, so Executive Order 2005-7 was issued to reverse the general fund subsidy. As Executive Orders may only decrease appropriations, legislation is now necessary to appropriate additional school aid fund dollars for fiscal year 2005. Senate Bill 279 does that by appropriating an additional \$99.5 million adjusted for cost savings estimated for the May 2005 Revenue Estimating Conference of \$60.4 million. Senate Bill 279 also appropriates \$41.1 million in fiscal year 2005 from the School Bond Loan Revolving Fund to cover the associated debt service. To view Senate Bill 279 as it has been presented to the Governor for signature, go to www.Michiganlegislature.org and key in 279 in the “Legislative Bill Search” prompt box.

FY 2006 SCHOOL AID

The June State School Aid UPDATE compared the Executive Recommendation for fiscal year 2006 school aid to the Senate version of fiscal year 2006 state school aid as originally included in Senate Bill (SB) 279 (see related item above). The House passed their version of fiscal year 2006 state school aid on June 22, 2002 as House Bill (HB) 4887. The following is a comparison of some key points of SB 279 as originally passed the Senate, HB 4887 and the Governor’s Executive Recommendation for FY 2006 school aid where applicable.

- C As in the Executive Recommendation, districts would receive an increase of \$175 in their **per pupil foundation grant** under HB 4887, the Senate version and the Executive Recommendation. HB 4887 only would add up to \$25 per pupil to the foundation of districts and public school academies with foundations

below \$7,200 (calculated after the \$175 increase). The Executive Recommendation only proposes a new Section 22e that would pay an additional \$50 for high school pupils.

- C The **membership definition** in Section 6(4) would remain at 75% of the current year September count plus 25% of the prior year February count and the three-year average blending language for certain eligible districts would be retained in HB 4887, the Executive Recommendation and the Senate version.
 - C **At-risk pupil funding** (Section 31a) would remain at \$314,200,000 in HB 4887 and the Senate version. It would be increased by \$33 million in the Executive Recommendation.
 - C **Michigan School Readiness funding** (Section 32d) would continue at \$72.8 million under all three plans; however, both HB 4887 and the Senate version would move \$12.25 million for the competitive school readiness program for non-district recipients to school aid from the Department of Education Budget Bill.
 - C Programs that would continue for FY 2006 at their FY 2005 funding levels under all three plans include:
 - Great Parents - Great Start (Section 32j) \$3.3 million;
 - Bilingual Education (Section 41 and 41a) \$2.8 million state and \$1.2 million federal;
 - Vocational Education (Section 61a) \$30 million;
 - Bus Driver Safety (Section 74) \$1.6 million.
 - C Categoricals that would be increased for FY 2006 under all three plans include:
 - Renaissance Zone Reimbursements (Section 26a) increased by \$8.8 million to \$45 million;
 - School Bond Loan Fund Payments (Section 11j) increased by \$3.4 million to \$44.5 million.
 - C HB 4887 would add \$1 million dollars to both the Section 24 **Court Placed Pupil** appropriation and the Section 107 **Adult Education** appropriation. Adult Education payments would be based on 75% for enrollment and 25% for completion instead of 90% and 10%, respectively, under HB 4887.
 - C A new categorical proposed in all three plans for FY 2006 is Section 26b, Payments In Lieu of Taxes (\$2.4 million). These funds would compensate the district for lost operating taxes on property owned by the Department of Natural Resources.
 - C Both the state funding of \$3.7 million and the federal funding of \$17.3 million for the Section 98b Wireless Technology (Freedom to Learn) program would be eliminated for FY 2006 under the Executive Recommendation. The Senate version would eliminate the state funding but retain federal funding of \$3 million for this program. HB 4887 would appropriate \$8 million in federal funds and \$3 million in state funds for Section 98b.
 - C ISD General Operations (Section 81) funding would be increased by \$2.2 million under the Executive Recommendation, but maintained at the current level of \$77.7 million in HB 4887 and the Senate version. HB 4887 would add a new subsection 81(5) that would add \$3 million for **health and vision screening**.
 - C New language in Section 6(4)(r) of the Senate plan which would limit the full time equivalency (FTE) for pupils who are eligible for kindergarten but enrolled in a **pre-kindergarten program** to no more than 0.5 is not in HB 4887 or the Executive Recommendation.
 - C **Hold Harmless Payments** (Section 20j) would remain fully funded under all three proposals.
- To view the proposed HB 4887 go to www.Michiganlegislature.org and key in 4887 in the "Legislative Bill Search" prompt box.

SECTION 31A AT-RISK PROGRAM REPORTS WERE DUE JULY 15, 2005

Local districts and public school academies receiving FY 2005 funds under Section 31a At-Risk are required to submit the FY 2005 Section 31a Program Report to the Department by July 15, 2005. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. If the report is not submitted by July 15, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment. These funds will be forfeited if the report is not received by September 30, 2005. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or e-mail: ThelenJA@Michigan.gov.

GENERAL INFORMATION

- Reminder regarding form DS-4168, Report of Days and Clock Hours: Districts should forward this form for the school year 2004-2005 to their respective ISD by July 19, 2005. The ISD is to forward a copy to the Department by August 1.
- Proration factors: Section 31a - At Risk funding per pupil reduction is \$129.8344759436.